Fiscal Year 2013-14
Accountability Report Guidelines

July 18, 2014

INTRODUCTION

The format for agencies' annual accountability reports is governed by aspects of both permanent and temporary law. The relatively brief passages identify two key purposes of these reports; they must provide the Governor and General Assembly with information that supports their analysis of the budget and also ensure that the Agency Head Salary Commission has a basis for its decisions.

In terms of required content, the law's demands are limited:
- The reports "must contain the agency's or department's mission, objectives to accomplish the mission, and performance measures that show the degree to which objectives are being met." (§1-1-820)
- Agencies must "identify key program area descriptions and expenditures and link these to key financial and performance results measures." (Proviso 117.31)

Unfortunately, in recent years, many agencies have made only peripheral revisions to their reports. What began years ago as a good-government effort to promote strategic planning has now devolved into a less productive annual exercise in paperwork. The original intent was not just to obtain a report from each agency each year, but instead to cause agencies to periodically pause to think critically about their legal mandates, the efforts they have undertaken in pursuit of those goals, and the actual outcomes that have been realized in the past twelve months. In essence, the process of producing the report was nearly as important as the finished product itself. When that process becomes more inertial than thoughtful, the value of this entire undertaking comes into question.

This year's guidelines set aside the Baldrige criteria in an attempt to renew agencies' accountability reports and make them more relevant. Furthermore, the adoption of a new framework is intended to bring about the kind of introspection that these reports were originally intended to promote.

This new format applies both to state agencies and institutions of higher education; there are no longer separate planning documents. The term "agency" in these instructions applies to either type of organization.

SUBMISSION PROCESS

All forms should be submitted electronically by September 15, 2014 to Kim Gibson (KGibson@budget.sc.gov) in both the original format (Word or Excel) and saved as a PDF for online reporting. The signed copy of the Submission Form with the Agency's Discussion and Analysis should be mailed to: Executive Budget Office, Edgar A. Brown Building, Suite 529, Columbia, SC 29201. Please direct any questions about this process to your agency's EBO liaison.

COMPLETING THE SUBMISSION FORM, AGENCY'S DISCUSSION AND ANALYSIS

The Submission Form is a Word document; the remaining elements of the accountability report will now be completed in Excel. Double-click on the document's header to enter your agency's name, code, and section number. In the main body of the form, please provide your agency's mission statement and contact information. An agency with a governing board or commission should have its submission signed by both the Agency Head and the Board/Commission Chair.

The "Agency's Discussion and Analysis" section provides agency leadership with an opportunity to comment on internal and external factors affecting the agency's performance in the past year, the agency's current efforts and the associated results (referencing information presented elsewhere in the accountability report), and any plans now under development to introduce additional changes. This passage should not exceed 5 pages, or up to 7 pages when including any charts or graphs.

COMPLETING THE PROGRAM TEMPLATE

The Program Template generally appears as its counterpart has in recent accountability reports, with a few minor changes. For instance, it is now an Excel spreadsheet instead of a Word document. Begin by entering your agency's name, code, and section number into the shaded fields at the top of the form. Agencies should identify each program in Column A, based upon how they were identified in the FY 2013-14 appropriations act. A standalone roman numeral would be considered a discrete program if not further divided into lettered items, as "I. General Administration" appears in Figure 1 below. Programs that have been separated into lettered items should be reported at that level, such as "II.A. Community Mental Health." Reporting should not be more granular than this. For instance, a program III.B. that appears in the budget with subitems III.B.1., III.B.2., and so on should be reported on a consolidated basis in the Program Template at the III.B. level. If necessary, add an "All Other Items" as the final program to capture any additional expenditures not included above, such as certain special items.

Provide a brief summary of each program's purpose in Column B, followed by each program's FY 2012-13 and FY 2013-14 expenditures in the following columns. The totals in Columns F and J will be automatically calculated by the template. Finally, the relevant objectives for each program should be identified in Column K. Please delete any unused rows up to Row 100 before submitting the template.

FIGURE 1. Sample Program Template

	Program/Title	Purpose	General	Other	Federal	TOTAL	General	Other	Federal	TOTAL	Associated Objective(s)
		Agency Name:	Department of Mental Health								Fiscal Year 2013-14 Accountability Report
		Agency Code: J12	Section: 035								Program Template
			FY 2012-13 Expenditures				FY 2013-14 Expenditures				
7	I. General Administration	Leadership and direction for the agency, including administration, finance, and legal services.	$ 2,866,039	$ 361,059	$ -	$ 3,227,098	$ 3,199,419	$ 827,618	$ -	$ 4,027,037	5.1.1, 5.1.2, 5.2.1, 5.2.2
8	II.A. Community Mental Health	Services delivered from the 17 mental health centers that include: evaluation, assessment, and intake of consumers; short-term outpatient treatment; and continuing support services.	$ 47,693,301	$ 60,633,190	$ 8,544,140	$ 116,870,631	$ 58,503,505	$ 75,323,111	$ 14,144,767	$ 147,971,383	1.1.1, 1.1.2, 1.1.3, 1.2.1, 1.2.2, 1.3.1, 1.3.2, 1.3.3, 1.3.4, 1.4.1, 1.4.2
9	II.B. Inpatient Behavioral Health	Services delivered in a hospital setting for adult and child consumers whose conditions are severe enough that they are not able to be treated in the community.	$ 32,044,740	$ 45,006,696	$ 287,055	$ 77,338,491	$ 35,767,472	$ 54,720,923	$ 569,344	$ 91,057,739	1.2.1, 1.3.3, 1.5.1, 1.5.2, 1.5.3, 1.6.1, 1.6.2
10	II.C. Tucker/Dowdy-Gardner Nursing	Residential care for individuals with mental illness whose medical conditions are persistently fragile enough to require long-term nursing care.	$ 3,789,052	$ 11,111,826	$ -	$ 14,900,878	$ 3,908,666	$ 14,496,633	$ -	$ 18,405,299	All Goal 2 objectives

Developing Agency Goals, Strategies, and Objectives

In the FY 2014-15 Executive Budget, each agency's presentation contained a table that identified its goals and the supporting objectives that were being pursued in order to achieve those goals. Each objective was also clearly associated with the relevant budget program(s), if the agency had established such a linkage. These tables were developed by the Governor's Office using information presented in agencies' accountability reports and other public documents. The goals and objectives appearing in these tables were expressed in the agencies' own words and showed that agencies had widely differing views as to how these terms should be defined and applied. Furthermore, some agencies identified just one goal and objective, while others identified dozens.

The Executive Budget Office (EBO) has been tasked with the development of a program evaluation and performance measurement system. As part of that process, EBO will continue to work with agencies to refine their goals, objectives, and measures, using this year's accountability reports as a starting point. The FY 2013-14 Accountability Report Guidelines ask agencies to revisit their goals and objectives based upon the following set of common definitions for these terms:

Agency Goal: *A broad expression of a central, strategic priority for an agency; a statement of what the agency hopes to achieve – typically in the long-term – that is qualitative in nature.*

Strategy: *A concise statement of an approach an agency is taking in pursuit of a goal.*

Objective: *A specific, measurable, and achievable description of an effort that the agency is actively implementing over a defined period of time as part of a broader strategy to meet a certain goal.*
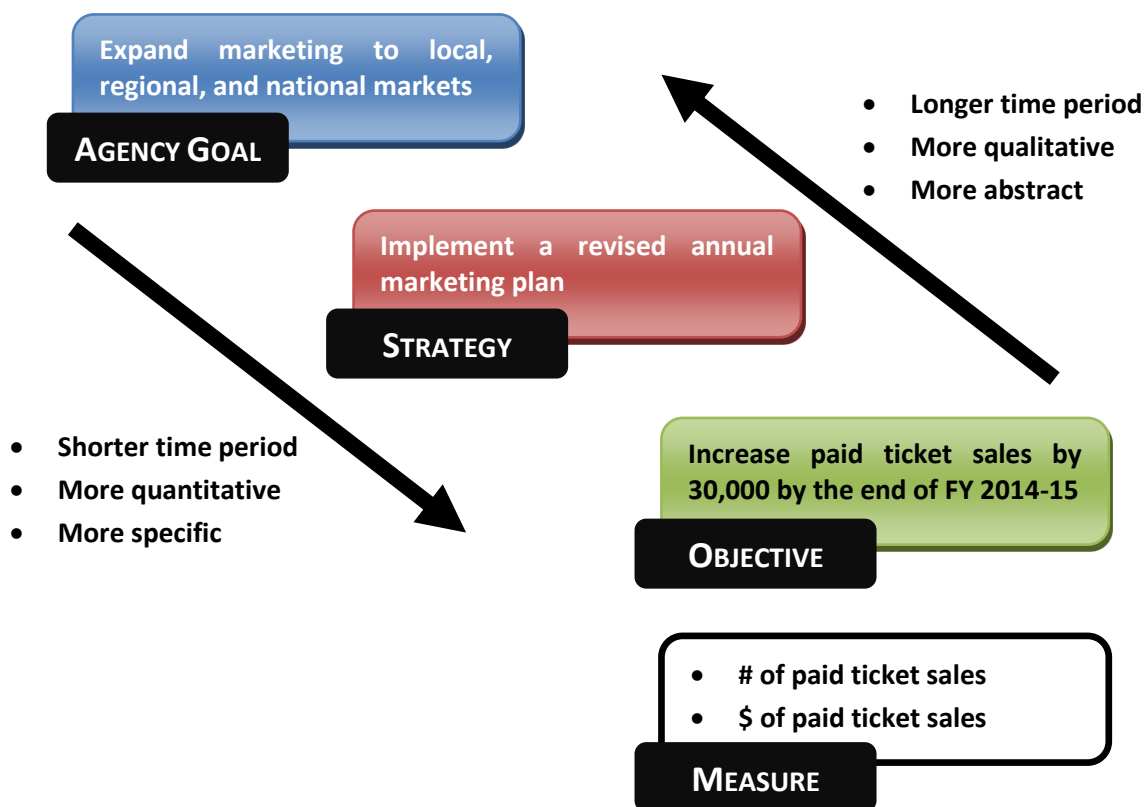
At the highest level, each agency's goals should logically and naturally derive from the agency's mission statement. They should also be clearly connected to state government's overarching responsibilities in fields ranging from education and economic development to transportation and public safety. Although there are no strict guidelines, agencies will generally have 3-5 goals, with a similar number of strategies per goal and objectives per strategy. Figure 2 gives an example of how this hierarchy may appear for a sample agency.

FIGURE 2. Hierarchy of Goals, Strategies, and Objectives for a Sample Agency
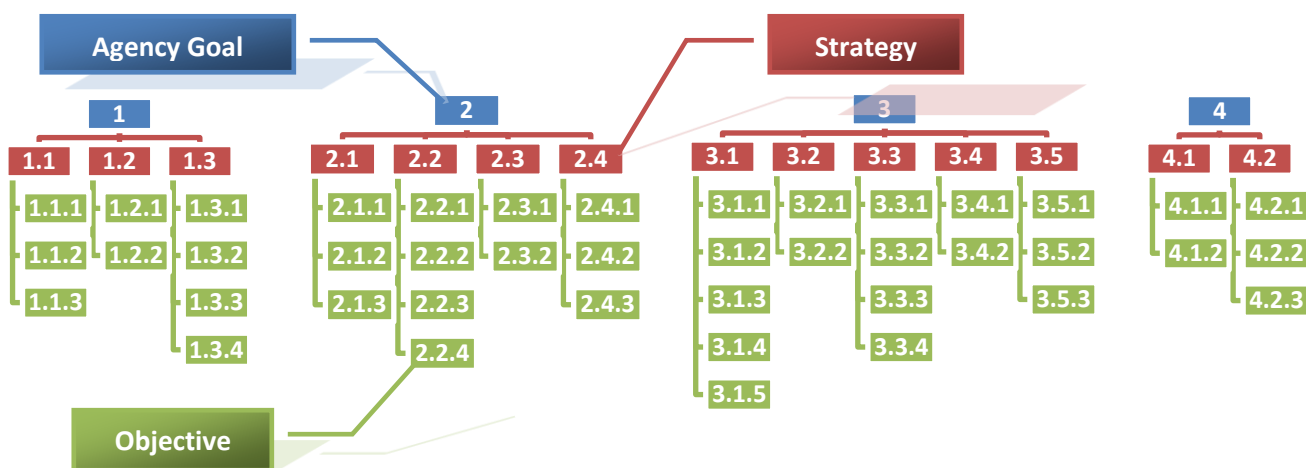
After defining their goals, agencies should take a "top-down" approach to selecting their strategies, objectives, and ultimately their performance measures. Figure 3 gives an example from the Patriots Point Development Authority of how an agency goal can point to a strategy and how a specific objective can follow from that strategy (and serve as the basis for two of the agency's measures).
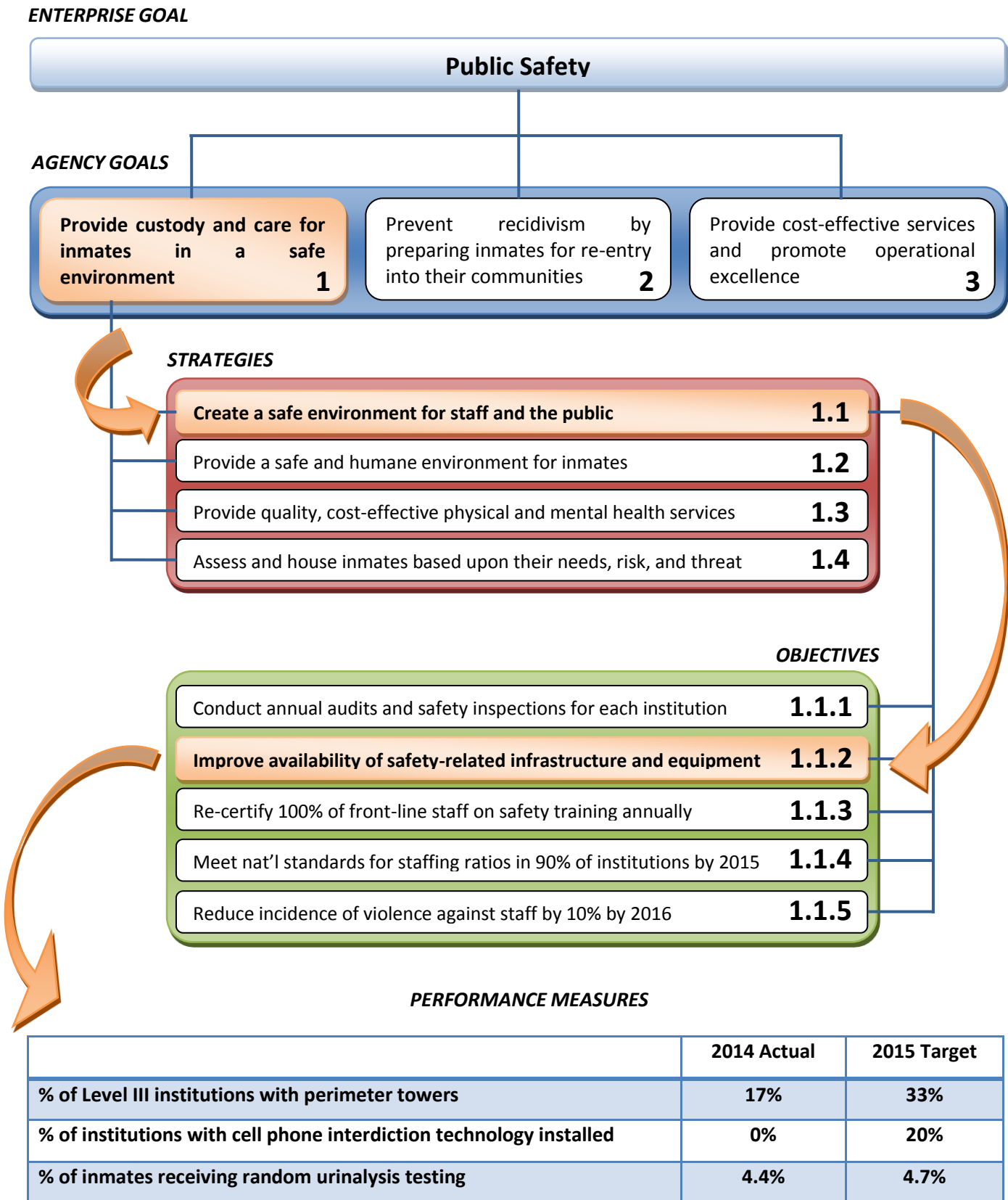
FIGURE 3. Relationships of Goals, Strategies, and Objectives

Expand marketing to local, regional, and national markets
AGENCY GOAL

- **Longer time period**
- **More qualitative**
- **More abstract**

Implement a revised annual marketing plan
STRATEGY

- **Shorter time period**
- **More quantitative**
- **More specific**

Increase paid ticket sales by 30,000 by the end of FY 2014-15
OBJECTIVE

- **# of paid ticket sales**
- **$ of paid ticket sales**
MEASURE

Some objectives may be associated with multiple performance measures, while others may have none. For instance, SLED may list "retain accreditation from the Commission on Accreditation for Law Enforcement Agencies" as an objective. There would not be an associated measure for this objective – either SLED would retain the accreditation or it would not.

To give a more detailed example of the progression from goals to strategies and then objectives, Figure 4 drills-down through the full conceptual hierarchy at the Department of Corrections, tracing a path that leads to various measures of the availability of safety-related equipment in state prisons. In this example, the objective does not have a clearly defined period of time for which it applies. In cases such as this one, this upcoming fiscal year may be the implied period, because the anticipated progress is established by projected improvement in one or more performance measures during that timeframe.

ENTERPRISE GOAL

Public Safety

AGENCY GOALS

Provide custody and care for inmates in a safe environment **1**	Prevent recidivism by preparing inmates for re-entry into their communities **2**	Provide cost-effective services and promote operational excellence **3**

STRATEGIES

Create a safe environment for staff and the public	**1.1**
Provide a safe and humane environment for inmates	**1.2**
Provide quality, cost-effective physical and mental health services	**1.3**
Assess and house inmates based upon their needs, risk, and threat	**1.4**

OBJECTIVES

Conduct annual audits and safety inspections for each institution	**1.1.1**
Improve availability of safety-related infrastructure and equipment	**1.1.2**
Re-certify 100% of front-line staff on safety training annually	**1.1.3**
Meet nat'l standards for staffing ratios in 90% of institutions by 2015	**1.1.4**
Reduce incidence of violence against staff by 10% by 2016	**1.1.5**

PERFORMANCE MEASURES

	2014 Actual	2015 Target
% of Level III institutions with perimeter towers	17%	33%
% of institutions with cell phone interdiction technology installed	0%	20%
% of inmates receiving random urinalysis testing	4.4%	4.7%

DEFINING GOALS, STRATEGIES, AND OBJECTIVES

Goals, strategies, and objectives are obviously related to each other, but it is important to differentiate between them and to identify some of the desired attributes of each.

Other than the mission statement itself, an agency's goals are the broadest expressions of an agency's purpose and intentions. They focus on the long-term and are typically qualitative. An agency's goals answer the question, "<u>What</u> is the agency trying to accomplish in the long-run?"

Strategies are action-oriented and explain what steps an agency is taking while working toward a certain goal. An agency's goals will either explicitly or implicitly identify challenges that must be confronted; the strategies presented should reveal that the agency has carefully diagnosed the root causes of these challenges and developed a thoughtful and coherent plan to overcome them. If goals tell us what an agency is trying to accomplish, strategies tell us <u>how</u> they intend to do it.

Objectives are where the rubber meets the road. Although they also speak to the "what" question, they typically tell us <u>how much</u> and <u>when</u>, as well. Strategic planners commonly assert that objectives should be SMART: Specific, Measurable, Assignable, Realistic, and Time-related. By this standard, "Improve the child immunization rate" would be a much weaker objective than, "Increase the percentage of 19-35 month-olds receiving recommended doses of DTaP, polio, MMR, Hib, hepatitis B, varicella, and PCV vaccines from 71.8% to 73.5% by 2015."

An agency's completed Strategic Planning Template will present each of its goals, strategies, and objectives in a concise, orderly, and approachable format that citizens can use to gain a rapid understanding of what that agency is working on, why, and how we will be able to tell whether that agency is making progress.

COMPLETING THE STRATEGIC PLANNING TEMPLATE

The Strategic Planning Template is an Excel spreadsheet. Begin by entering your agency's name, code, and section number into the shaded fields at the top of the form. Each row of the spreadsheet will format itself based upon the value selected under the "Type" heading in Column A. As shown in Figure 5, use the drop-down arrow to select "G" for a goal, "S" for a strategy, or "O" for an objective.

FIGURE 5. Goal, Strategy, or Objective Drop-Down

Items should be numbered in the "1.1.1" format. For instance, the second objective under the third strategy that supports an agency's first goal would be identified as "1.3.2". Please number each item in the appropriate column, as demonstrated in Figure 6. If pasting text into the Description field, please use the "unformatted text" option under the "Paste Special" command, to preserve the spreadsheet's formatting.

FIGURE 6. Numbering Goals, Strategies, and Objectives

Figure 7 provides an example of an agency's template after the first several entries have been made.

FIGURE 7. Sample Strategic Planning Template

	A	B	C	D	E	F	G	H	I	J
1	Agency Name:				Department of Corrections					Fiscal Year 2013-14
2										Accountability Report
3	Agency Code:			N04		Section:		065		
4										Strategic Planning Template

Type	Item #			Description
	Goal	Strat	Object	
G	1			Provide custody and care for inmates in a safe environment
S		1.1		Create a safe environment for staff and the public
O			1.1.1	Conduct annual audits and safety inspections for each institution
O			1.1.2	Improve availability of safety-related infrastructure and equipment
O			1.1.3	Re-certify 100% of front-line staff on safety training annually
O			1.1.4	Meet national standards for staffing ratios in 90% of institutions by 2015
O			1.1.5	Reduce incidence of violence against staff by 10% by 2016
S		1.2		Provide a safe and humane environment for inmates
O			1.2.1	Achieve compliance with American Correctional Association standards

Please delete any unused rows up to Row 300 before submitting the template.

SELECTING PERFORMANCE MEASURES

These guidelines use "performance measure" as an umbrella term that incorporates several types of indicators. The least sophisticated – and perhaps least illuminating – of these is the activity or output measure. These items commonly focus on how much of something has been produced. For instance, the number of claims processed, clients served, or arrests made would all be examples of activity measures. Measures of a program's output give a sense of the scope or magnitude of that initiative, but they do not by themselves offer an indication of that program's efficiency or of the true impact of its services.

Activity measures can be paired with expenditure reports or other records in order to produce efficiency measures. Typical examples include the per-unit costs of providing a service or the average period of time that it takes to provide that service. Although efficiency measures do not directly demonstrate how a program is affecting the lives of the public, they do cast light on how well a program is being administered by an agency.

Outcome measures are those that give the clearest sense of how a program is affecting its intended audience either at an intermediate stage or as an end result. A key outcome measure for the Department of Juvenile Justice is the parole recidivism rate – the percentage of juveniles released from commitment facilities who had a new adjudication or conviction within the following year. The Department of Health and Human Services reports on the percentage of children who are born with low birth weights. Reductions in both of these rates are seen as signs that the relevant agencies' efforts are bearing fruit.

An agency's performance measurement template should contain some combination of activity, efficiency, and outcome measures in order to paint the most complete picture of its efforts and the results.

FIGURE 8. Types of Performance Measures

- **Quantifies effort, amount of product**
- **Data usually updated more frequently**
- **Easier to define and measure**
- **Less meaningful**

- **Quantifies effectiveness, impact**
- **Slower to respond to agency's efforts**
- **Risk that other factors explain the results**
- **More meaningful**

| Activity/Output | Efficiency | Intermediate Outcome | Outcome |

Outputs   *Outcomes*
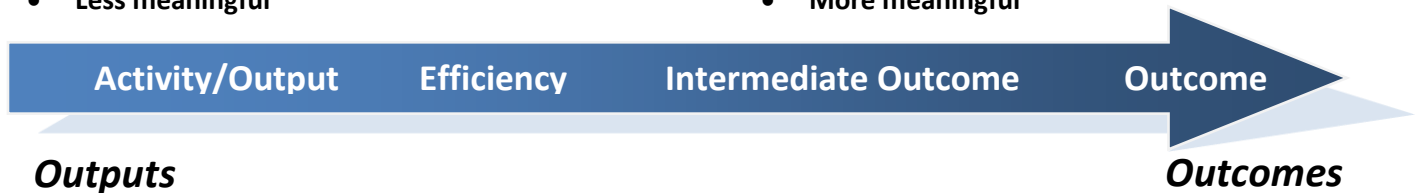
The ideal performance measure is sensitive, meaning that changes in a program's inputs (like funding or staffing) will yield observable changes in outcomes relatively quickly. When selecting outcome measures, agencies should also consider whether a prospective indicator will move based primarily on the impact of the underlying program or if other factors not accounted for might truly be influencing the results.

Agencies should not just "go where the data is." If an agency is identifying new objectives and measures in this year's accountability report, it is acceptable to discuss the proposed item in the Performance Measurement Template, even if a process for defining the measure and capturing the data has not yet been fully developed. Agencies track a variety of metrics; it is not expected that each will be identified here. Instead, each agency should highlight those measures that are seen as being essential to understanding how the agency is progressing towards meeting its goals and objectives.

The Performance Measurement Template is an Excel spreadsheet. Begin by entering your agency's name, code, and section number into the shaded fields at the top of the form. Items should be numbered in sequence, although the order in which they are presented is not important – they do not need to be organized by goal or objective, for instance. The "Performance Measure" field in Column B is essentially the title of the measure.

The next four columns (C-F) are all related. Each value for a measure should be reported in a way it can be meaningfully compared to the other years' values. For instance, if an agency captures information for a particular measure on a quarterly basis and must use the March 31, 2014 record as the "Current Value" because the June 30, 2014 information is not yet available, then the "Prior Value" and "Target Value" data should be as of March 31, 2013 and 2015, respectively.

Prior Value: The value as of June 30, 2013 or another reference date that would have appeared in or been appropriate to include in the agency's immediately preceding accountability report.

Current Value: The value as of June 30, 2014 or another reference date in FY 2013-14.

Target Value: The aspirational value as of June 30, 2015 or another reference date in FY 2014-15.

Time Applicable: This field should identify the date or time period for which the three reported values apply. For instance, it might state "June 30" if a snapshot value is taken on the final day of each year or "July 1 – June 30" if the values encompass the entire fiscal year.

Figures 9 and 10 provide an illustration of how an agency might report on several performance measures.

FIGURE 9. Sample Performance Measurement Template – Values

	A	B	C	D	E	F
1		Agency Name:	Comptroller General's Office			
2						
3		Agency Code:	E12	Section:	096	
4						
5	Item	Performance Measure	Last Value	Current Value	Target Value	Time Applicable
6	1	Transaction Volume per Filled FTE	294,547	305,269	312,000	July 1 - June 30
7	2	Cost of Comptroller Services as Percentage of State Spending	0.0197%	0.0189%	0.0186%	July 1 - June 30
8	3	Average Document Turnaround Time	1.81 days	1.79 days	1.78 days	July 1 - June 30

In the "Data Source and Availability" field, agencies should explain how and from where the information is gathered for a particular measure, along with how often that information is updated. This may not necessarily correspond to the "Reporting Frequency" presented in Column H. The State Museum's point-of-sale systems may produce daily reports which are reviewed weekly or monthly by agency staff; this would be noted under "Data Source and Availability." If admissions fees or store proceeds are only reported annually in the accountability report however, then the reporting frequency in Column H would be "Annual."

In some cases, agencies – or their sources – must perform one or more calculations in order to convert raw data into a performance measure that will appear in this report. This process should be noted in the "Calculation Method" field. For instance, the Department of Consumer Affairs' most recent accountability report contained a chart showing the "Rate of Return on Investment in Consumer Complaint Mediation Programs," along with an explanation of how those values were calculated. The formula used to develop this statistic would be presented in Column I.

Finally, a performance measure may be associated with one or more of an agency's objectives; any objective with a significant nexus should be identified in Column J.

FIGURE 10. Sample Performance Measurement Template – Metadata

G	H	I	J
			Fiscal Year 2013-14 Accountability Report
			Performance Measurement Template
Data Source and Availability	**Reporting Freq.**	**Calculation Method**	**Associated Objective(s)**
STARS and SCEIS transactions, updated daily	Annual	All STARS and SCEIS transactions / filled FTEs on last day of FY	1.2.1, 1.2.2, 2.1.1, 2.1.2, 2.3.3
SCEIS reports, updated daily	Annual	CG Office's General and Other Fund FY 2013-14 Expenditures / All State GF and OF expenditures	3.1.2, 3.1.3
SCEIS reports, updated daily	Annual	"Document" means contingent vouchers and interdepartmental transfers. Turnaround time for each record calculated by SCEIS.	2.2.1, 2.2.2, 3.1.2, 3.1.3

Please delete any unused rows up to Row 300 before submitting the template.

FINAL NOTE

Annual accountability reports have both retrospective and forward-looking components. This can present problems for agencies that are attempting to discuss their historical expenditures for FY 2012-13 and FY 2013-14 and associate them with a set of prospective goals, strategies, and objectives that may have evolved in the intervening years. Please contact your EBO liaison if this presents a significant challenge for your agency.

The Executive Budget Office is committed to working with agencies to refine these guidelines and templates for future submissions. Your comments and suggestions are welcome.